

**BARRINGTON COUNTRYSIDE
FIRE PROTECTION DISTRICT
AUDITED FINANCIAL STATEMENTS**

APRIL 30, 2005

Agenda item #

72

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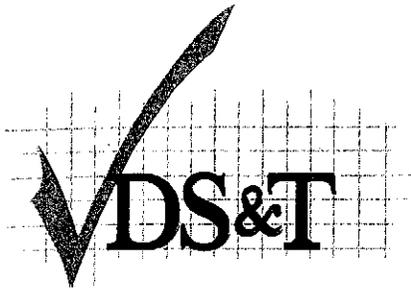
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D A M, S N E L L & T A V E I R N E, L T D.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Barrington Countryside Fire Protection District
Barrington, Illinois

We have audited the accompanying financial statements of the governmental activities and the major funds of the Barrington Countryside Fire Protection District (the "District") as of and for the year ended April 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 30, 2005.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barrington Countryside Fire Protection District, as of April 30, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and budgetary comparisons on Schedule 1 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Dam, Snell & Taveirne, Ltd.

DAM, SNELL & TAVEIRNE, LTD.
Certified Public Accountants
Fox Lake, Illinois
November 18, 2005

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2005

Our discussion and analysis of the Barrington Countryside Fire Protection District's financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2005. Please read it in conjunction with the audit report and financial statements. This is the first year that the District is applying the Governmental Accounting Standards Board Statement Number 34 (GASB #34). Therefore, comparative data for the prior year is not available. In future years a comparative analysis of government-wide data will be presented.

FINANCIAL HIGHLIGHTS

- In order to improve service to residents, the District expended \$3,075,761 toward purchase and improvement of property for a new fire station.
- The District's net assets, which equal total assets minus total liabilities, were \$3,302,262 at the end of the 2005 fiscal year.
- Unrestricted net assets, which are assets that may be used to meet the District's ongoing obligations to residents and creditors, were \$2,084,704 at the end of the 2005 fiscal year.
- Revenues equaled \$3,636,717, and exceeded total expenses of \$3,451,461 by \$185,256.
- The District issued fire protection notes in the amount of \$950,000 to fund part of the cost of the new station.

USING THIS ANNUAL REPORT

The government-wide financial statements focus on the District as a whole. This presentation is designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. They consist of a Statement of Net Assets and a Statement of Activities (Exhibits A and B of the report). These financial statements are prepared using the accrual basis of accounting, which is described in the notes to financial statements.

These statements include all assets and liabilities using the accrual basis of accounting, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activity presents information showing how the District's net assets changed during the most recent fiscal year.

FUND FINANCIAL STATEMENTS

Fund financial statements (Exhibits A through F of the report) provide additional detail about District funds. The District maintains two funds for accounting purposes. Both the general fund and the ambulance fund are classified as governmental funds. Governmental funds generally focus on how cash flows in and out of the District, and the balances left at year end that are available for spending.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2005

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and also the fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison has been provided for the General and Ambulance Funds as required supplementary information (Schedule 1 of the report).

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table presents a summary of the District's net assets at April 30, 2005:

Table 1
Net Assets
Fiscal Year Ended April 30, 2005

	\$ 5,841,729
Current assets	4,452,558
Capital assets	<u>10,294,287</u>
Total assets	
	3,840,025
Current liabilities	3,152,000
Non-current liabilities	<u>6,992,025</u>
Total liabilities	
Net assets	1,217,558
Invested in capital assets	2,084,704
Unrestricted	<u>\$ 3,302,262</u>
Total net assets	

The District's net assets are composed of capital assets, designated assets and unrestricted assets. Capital assets reflect the District investments in capital assets less any related debt used to acquire those assets that remain outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. There was no restricted asset balance at the end of the year. The remaining assets represent unrestricted net assets and may be used to meet the District's ongoing obligations to citizens and creditors. Of the unrestricted net asset balance, \$954,000 is designated for capital asset replacement.

The current year's financial statements differ from past years as a result of implementing GASB 34. The revised formats reflect capital assets and long-term liabilities differently than in the past. In addition, fixed assets are reduced by accumulated depreciation.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2005

The following table presents a summary of the changes in net assets for the fiscal year ended April 30, 2005:

Table 2
Changes in Net Assets
Fiscal Year Ended April 30, 2005

Revenues	
Operating revenues	
Charges for services - Ambulance user fees	\$ 213,409
Nonoperating income	
Property taxes	3,309,971
Personal property replacement taxes	9,865
2% Foreign fire tax	22,726
Investment income	75,305
Other	5,441
Total revenues	<u>3,636,717</u>
Expenses	
Fire call service fee	1,616,166
Ambulance call service fees	1,290,713
Insurance	7,040
Trustee fees and bonds	8,475
Bookkeeping fees	5,824
Recording secretary fees	7,587
Professional fees	27,878
Office supplies and other	1,986
Special projects	72,057
Building maintenance	11,164
Utilities	46,189
Donations	500
Lease of property	22,604
Station #3 costs - non-capital	7,765
Depreciation	158,944
Bond issue & service costs	10,550
Interest expense	156,019
Total expenses	<u>3,451,461</u>
Increase (decrease) in net assets	185,256
Beginning of year	3,117,006
End of year	<u>\$ 3,302,262</u>

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2005

Net assets of the District increased by \$185,256 in 2005, from a beginning total of \$3,117,006 to an ending total of \$3,302,262.

Total District revenues equaled \$3,636,717 and were greater than total expenses of \$3,451,461 by \$185,256.

The District's principal source of revenue is property tax.

The District contracts with the Village of Barrington for fire and ambulance services. District payments to the Village are based on a cost allocation formula. Expenses include a Village contract billing adjustment in the amount of \$494,691 related to prior years' unfunded pension liabilities.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

The financial statements and legally adopted budget are prepared using the modified accrual basis of accounting. During the year, the District overexpended the General Fund budget by \$497,207 and the Ambulance Fund budget by \$24,448. This was due primarily to the timing of capital outlays for acquisition and improvement of real estate for the new fire station. Fire protection notes were issued to finance the costs. In addition, contract billings from the Village of Barrington included an unusual adjustment related to pension contributions in the amount of \$494,691.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of April 30, 2005 was \$4,452,558 (net of accumulated depreciation). This investment in capital assets includes land, two fire stations, equipment and office equipment and furniture.

Table 3
Capital Assets (net of depreciation)
Fiscal Year Ended April 30, 2005

Land	\$ 483,876
Buildings	3,475,779
Equipment	440,616
Office equipment & furniture	52,287
Totals	<u>\$ 4,452,558</u>

During the year, the District expended \$3,075,761 to purchase and improve property for a new fire station. In addition, the District paid \$69,450 representing one-half the cost of a new ambulance. The other half was paid for by the Village of Barrington under the terms of the contract.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2005

Debt

On April 30, 2005, the Village had three debt issues outstanding as reflected below. Proceeds were used to purchase and improve property for a new fire station. The Series 2004 notes were issued during the current fiscal year. Detailed information regarding debt issues is located in Note 8 to the financial statements.

Table 4
Outstanding Debt
Fiscal Year Ended April 30, 2005

	Governmental Activities
Fire Protection Notes Series 1996 issued for Station 2	\$ 1,045,000
Fire Protection Notes Series 2002 issued for Station 3	1,240,000
Fire Protection Notes Series 2004 issued for Station 3	950,000
Total	<u>\$ 3,235,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's appointed officials considered many factors when setting the fiscal-year 2005-2006 budget and the associated property tax rates and charges for services. The 2005-06 budget reflects the additional costs related to occupancy and staffing of the new station, as well as vehicle replacement needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at 400 Northwest Highway, Barrington, Illinois 60010.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
 GOVERNMENT - WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS
 APRIL 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,951,858
Receivables	
Property taxes (net of allowances)	2,857,344
Ambulance fee	32,527
Capital assets	
Land	483,876
Depreciable buildings, property and equipment, net	<u>3,968,682</u>
Total assets	<u>\$10,294,287</u>
 LIABILITIES	
Current liabilities	
Accounts payable	839,078
Accrued interest	60,603
Deferred property tax revenue	2,857,344
Noncurrent liabilities	
Due within one year	83,000
Due in more than one year	<u>3,152,000</u>
Total liabilities	<u>6,992,025</u>
 NET ASSETS	
Invested in capital assets	1,217,558
Unrestricted	<u>2,084,704</u>
Total net assets	<u>3,302,262</u>
Total liabilities and net assets	<u>\$10,294,287</u>

See accompanying notes to financial statements.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
 GOVERNMENT - WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED APRIL 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES				
Fire and ambulance services	<u>\$ 3,451,461</u>	<u>\$ 213,409</u>	<u>\$ -</u>	<u>(3,238,052)</u>
General Revenues:				
Taxes				
Real estate taxes				3,309,971
Personal property replacement taxes				9,865
2% Foreign fire tax				22,726
Investment earnings				75,305
Other				5,441
Total general revenues				<u>3,423,308</u>
				Change in net assets
				185,256
				Net assets - beginning of year
				<u>3,117,006</u>
				Net assets - end of year
				<u>\$ 3,302,262</u>

See accompanying notes to financial statements.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2005

	<u>General</u>	<u>Ambulance</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,497,131	\$ 1,454,727	\$ 2,951,858
Receivables			-
Property taxes (net of allowances)	1,740,914	1,116,430	2,857,344
Ambulance fees	-	32,527	32,527
Total assets	<u>\$ 3,238,045</u>	<u>\$ 2,603,684</u>	<u>\$ 5,841,729</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 510,625	\$ 328,453	\$ 839,078
Deferred property tax revenue	<u>1,740,914</u>	<u>1,116,430</u>	<u>2,857,344</u>
Total liabilities	<u>2,251,539</u>	<u>1,444,883</u>	<u>3,696,422</u>
FUND EQUITY			
Designated for capital outlay	754,000	200,000	954,000
Unreserved	<u>232,506</u>	<u>958,801</u>	<u>1,191,307</u>
Total fund equity	<u>986,506</u>	<u>1,158,801</u>	<u>2,145,307</u>
 Total liabilities and fund equity	 <u>\$ 3,238,045</u>	 <u>\$ 2,603,684</u>	 <u>\$ 5,841,729</u>

See accompanying notes to financial statements.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUND
 BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 APRIL 30, 2005

Total fund balances - governmental funds \$ 2,145,307

Amounts reported for governmental activities in the Statement of Net Assets are different due to:

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental funds. The Statement of Net Assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 5,526,073	
Depreciation expense to date	<u>(1,073,515)</u>	
		<u>4,452,558</u>

Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Due within one year	(83,000)	
Due in more than one year	(3,152,000)	
Accrued interest on bonds payable	<u>(60,603)</u>	
		<u>(3,295,603)</u>

Net assets of the governmental activities	<u>\$ 3,302,262</u>
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BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2005

	General	Ambulance	Total Governmental Funds
Revenue			
Property taxes	\$ 1,995,141	\$ 1,314,830	3,309,971
Replacement taxes	9,865	-	9,865
Foreign fire insurance tax	22,726	-	22,726
Interest income	41,418	33,887	75,305
Ambulance user fees	-	213,409	213,409
Other	5,441	-	5,441
Total revenue	<u>2,074,591</u>	<u>1,562,126</u>	<u>3,636,717</u>
Expenditures			
Public safety			
Fire call service fee	1,616,166	-	1,616,166
Insurance	3,520	3,520	7,040
Trustee fees and bonds	4,237	4,238	8,475
Bookkeeping fees	2,912	2,912	5,824
Recording secretary fees	3,793	3,794	7,587
Professional fees	13,939	13,939	27,878
Office supplies and other	993	993	1,986
Special projects	36,029	36,028	72,057
Building maintenance	5,582	5,582	11,164
Utilities	23,095	23,094	46,189
Donations	500	-	500
Lease of property	11,302	11,302	22,604
Station #3 costs - non-capital	3,882	3,883	7,765
Debt service	171,243	-	171,243
Ambulance call service fees	-	1,290,713	1,290,713
Capital outlay	-	-	-
New station costs	3,075,761	-	3,075,761
Equipment and vehicles	92,253	69,450	161,703
Total disbursements	<u>5,065,207</u>	<u>1,469,448</u>	<u>6,534,655</u>
Excess of revenue over (under) expenditures before other sources	(2,990,616)	92,678	(2,897,938)
Other sources			
Bond proceeds	940,050	-	940,050
Excess of revenue and other sources over (under) expenditures	(2,050,566)	92,678	(1,957,888)
FUND BALANCES - Beginning	<u>3,037,072</u>	<u>1,066,123</u>	<u>4,103,195</u>
FUND BALANCES - Ending	<u>\$ 986,506</u>	<u>\$ 1,158,801</u>	<u>\$ 2,145,307</u>

See accompanying notes to financial statements.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUND
 STATEMENT OF REVENUE AND EXPENDITURES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED APRIL 30, 2005

Net change in fund balances - total governmental funds \$ (1,957,888)

Amounts reported for governmental activities in the Statement of Activities are different due to:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.

	Depreciation expense	\$ (158,944)	
	Capital outlay	<u>3,237,464</u>	
			3,078,520

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (901,000)

Changes to accrued interest on long-term debt in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (34,376)

Change in net assets of governmental activities \$ 185,256

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District provides fire protection and ambulance services for certain areas of Cook, Lake and McHenry Counties.

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. Principles used to Determine Scope of Entity – The District is a primary governmental unit as defined by Governmental Accounting Standards Board Statement No. 14. GASB 14 has been applied to determine that no component units should be included in the District's reporting entity.

B. Basis of Presentation –

Government-wide Financial Statements – The Government-wide financial statements (The Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

Fund Financial Statements - The accounts of the District in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues collected, and expenditures paid. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The following is a description of the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue (Ambulance) Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Both of the District's funds meet the GASB34 criteria for major funds.

C. Measurement Focus and Basis of Accounting –

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus is used.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

D. Budgets and Budgetary Accounting – The budget for all funds is prepared on the modified accrual basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The budget, which was not amended, was passed on July 19, 2004. For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Board of Trustees prepares a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally adopted through passage of an ordinance.
4. The District is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total disbursements of any fund must be approved by the Board.
5. Formal budgetary integration is employed as a management control device during the year.

During the year, the District overexpended appropriations in the General Fund and Ambulance Fund (\$497,207 and \$24,448 respectively). A Village contract billing adjustment in the amount of \$494,691 related to prior unfunded pension liabilities was received late in 2005. In addition, the timing of certain capital outlays related to the new station was earlier than budgeted.

E. Cash and Cash Equivalents - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments, with original maturities of three months or less from the date of acquisition.

F. Assets, Liabilities and Net Assets

Investments – Investments are stated at cost which approximates fair value.

Inventories – It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values or resale or supply items on hand.

Capital Assets - Capital assets, which include land, land improvements, buildings, infrastructure, machinery and equipment, and construction in progress are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,500 and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided using the straight line method over the following estimated useful lives; land improvements – 10 years, buildings – 40 years, infrastructure – 50 years, machinery and equipment – 8-20 years.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net assets. Bond premiums, discounts and issuance costs are reported during the current period. In the fund financial statements, governmental funds recognize bond premiums, discounts, and issuance costs in the current period as other financing sources or uses. Likewise, the face amount of the debt issued is reported as other financing sources. The District had no long-term debt at year end.

Deferred Revenue – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Restricted Net Assets – For the government-wide financial statements, net assets are reported as restricted when constraints placed on net asset use are either: (1) Externally imposed by creditors, grantors, contributors, laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

In fund financial statements, reservations of fund balance represent amounts that are not available for other appropriations, or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Eliminations and Reclassifications – In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

G. Use of estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the accounting period. Actual amounts could vary from those estimates.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal ended April 30, 2005, the District has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis, for State and Local Governments.

The new government-wide financial statements are presented on a consolidated basis and recognize capital assets net of accumulated depreciation as well as long-term debt and obligations. Beginning fund equity balances have been restated to reflect the impact of the accounting changes as described in Note 5.

NOTE 3 - DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by Chapter 30, Section 235 of the *Illinois Compiled Statutes*.

Deposits

At April 30, 2005, the District's deposits were comprised of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Government-wide cash	\$ 2,951,858	\$ 3,088,118

The bank balance is categorized in accordance with risk factors created by governmental reporting standards as follows:

Category #1	\$ 200,000
Category #2	2,806,198
Category #3	<u>81,920</u>
	<u>\$ 3,088,118</u>

Category #1 - deposits insured or collateralized with securities held by the District, or agent in the District's name.

Category #2 - deposits collateralized with securities held by the financial institution's trust department in the District's name.

Category #3 - deposits which are uncollateralized or collateralized with securities not in the District's name.

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the District for the year ended April 30, 2005 was as follows:

	Beginning Balances (As Restated)	Increases	Decreases	Ending Balances
Capital assets-not being depreciated				
Land	\$ -	\$ 483,876	\$ -	\$ 483,876
Other capital assets				
Buildings	1,196,996	2,591,886	-	3,788,882
Equipment	1,047,964	134,052	-	1,182,016
Office eqpt & furniture	43,649	27,650	-	71,299
	<u>2,288,609</u>	<u>2,753,588</u>	<u>-</u>	<u>5,042,197</u>
Less accumulated depreciation				
Buildings	229,185	83,918	-	313,103
Equipment	671,905	69,495	-	741,400
Office eqpt & furniture	13,481	5,531	-	19,012
	<u>914,571</u>	<u>158,944</u>	<u>-</u>	<u>1,073,515</u>
Total other capital assets	<u>1,374,038</u>	<u>2,594,644</u>	<u>-</u>	<u>3,968,682</u>
Total capital assets	<u>\$ 1,374,038</u>	<u>\$ 3,078,520</u>	<u>\$ -</u>	<u>\$ 4,452,558</u>

NOTE 5 – FUND EQUITY

Restatements

The District adopted GASB 34 during the current year. The new government-wide financial statements are presented on a consolidated basis and recognize capital assets net of accumulated depreciation. The effect on the beginning year balances was a increase in net assets/fund balances of Beginning capital asset balances were restated in the General and Ambulance Funds to comply with the new policy. As a result, beginning fund equity has been restated as follows:

	Governmental Activities
Original beginning fund balances	\$ 4,103,195
Original general fixed assets	2,462,932
Adjustment for the cost of capital assets	(174,323)
Adjustment to accumulated depreciation	(914,571)
Adjustment for bonds payable	(2,334,000)
Adjustment for accrued bond interest 4/30/04	(26,227)
Total adjustment	<u>(3,449,121)</u>
Adjusted beginning balance net assets	<u>3,117,006</u>

NOTE 6 – PROPERTY TAX INFORMATION

The District's property tax is levied each year on all taxable property located in the District and is extended by the Cook County Clerk in August of the year following the levy year. Lake and McHenry Counties extend taxes early in the year following the levy year. The lien date is January 1 of the year of the levy. Taxes are due to the counties in two installments; in June and September of the year following the levy year for Lake and McHenry Counties; and in February and August for Cook County. The counties make distributions to the District shortly after collection. The District adopted the 2004 levy in December 2004. Financial statement revenues reflect \$2,357,275 from the 2003 levy and \$952,696 from the 2004 levy.

Property tax revenue is recognized when the revenue becomes available to meet current year's expenditures. Availability is typically recognized upon receipt. The District records property taxes receivables for calendar year 2004 and the revenue is deferred until it becomes available.

Calendar year 2005 property taxes have not been levied, and are not currently measurable. Therefore, the receivable for these taxes and related deferred revenue have not been recorded.

NOTE 7 - CONTRACT FOR FIRE AND AMBULANCE PROTECTION SERVICE

The District has a contract with the Village of Barrington to provide fire and ambulance service in unincorporated areas. As part of the agreement, the District agrees to compensate the Village for services so rendered based on a cost allocation formula. Total expenditures under the contract for fire and ambulance call service fees were \$2,906,879 for the year ended April 30, 2005. The expenditure includes \$494,691 for an adjustment to the pension billings under the contract.

Ambulance user fees are recorded as revenues when collected by the Village of Barrington. No allowance is made for claims in progress.

NOTE 8 – LONG TERM DEBT

At April 30, 2005, bonds payable consisted of the following individual issues:

On October 15, 1996, the District issued Fire Protection Notes in the amount of \$1,200,000 for the purpose of constructing a fire station. Principal and interest payments are due semiannually on January 1 and July 1 beginning January 1, 1998 with the final payment due January 1, 2026. Annual principal payments range from \$25,000 in 2004 to \$85,000 in 2026. Interest is payable at rates ranging from 5.1% to 6.0%. The Notes are general obligations of the District and are payable from the General Fund. \$ 1,045,000

On December 15, 2002, the District issued Fire Protection Notes in the amount of \$1,300,000 for the purpose of constructing a fire station. Principal and interest payments are due semiannually on April 1 and October 1 beginning October 1, 2003 with the final payment due October 2, 2032. Annual principal payments range from \$36,000 in 2003 to \$79,000 in 2032. Interest is payable at rates ranging from 1.85% to 5.5%. The Notes are general obligations of the District and are payable from the General Fund. 1,240,000

On July 1, 2004, the District issued Fire Protection Notes in the amount of \$950,000 for the purpose of constructing a fire station. Principal and interest payments are due semiannually on January 1 and July 1 beginning July 1, 2005 with the final payment due January 1, 2019. Annual principal payments range from \$34,000 in 2006 to \$91,000 in 2019. Interest is payable at rates ranging from 2.1% to 5.2%. The Notes are general obligations of the District and are payable from the General Fund. 950,000

Total bonds payable \$ 3,235,000

Long-Term Liabilities Activity

Transactions for the year ended April 30, 2005 are summarized as follows:

	Fire Protection Notes
Beginning balance	\$ 2,334,000
Additions	950,000
Repayments	<u>(49,000)</u>
Ending balance	<u>\$ 3,235,000</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Year Ending April 30,	Fire Protection Notes		Total
	Principal	Interest	
2006	\$ 83,000	\$ 182,512	\$ 265,512
2007	110,000	158,916	268,916
2008	113,000	155,013	268,013
2009	115,000	150,641	265,641
2010	124,000	145,913	269,913
2011-2015	694,000	640,418	1,334,418
2016-2020	794,000	448,155	1,242,155
2021-2025	587,000	264,972	851,972
2026-2030	390,000	108,868	498,868
2031-2033	225,000	18,968	243,968
Total	<u>\$ 3,235,000</u>	<u>\$ 2,274,376</u>	<u>\$ 5,509,376</u>

NOTE 9 – BUILDING LEASE

The District has constructed a fire station (Station 2) on land owned by the Village of Barrington Hills. The District entered into a lease agreement dated August 30, 1996, with the Village. Under the terms of the lease agreement, the building was conveyed to the Village upon occupancy by the District. The lease is for a term of thirty years, with options to extend for two periods of 10 years, nine periods of five years each, and one period of four years.

Annual rent payments of one dollar per year are due to the Village in advance on the first day of each lease year. The building is reflected as an asset under capital lease in the general fixed asset account group for financial statement purposes.

NOTE 10 – RISK MANAGEMENT

The District paid a portion of the Village of Barrington's cost to be a member of the Illinois Municipal Risk Management Agency (IRMA). IRMA provides coverage for commercial general liability, workers compensation, personnel accident, vehicle liability, and property damage. Other small commercial coverage is separately purchased from private insurance companies. Settled claims for these risks have not exceeded insurance coverage for the past three years and there have been no significant reductions in insurance coverage.

BARRINGTON COUNTRYSIDE FIRE PROTECTION DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED APRIL 30, 2005

	General Fund		Ambulance Fund	
	Actual	Original and Final Budget	Actual	Original and Final Budget
REVENUE				
Property taxes	\$ 1,995,141	\$ 1,790,000	\$ 1,314,830	\$ 1,146,000
Replacement taxes	9,865	8,500	-	-
Foreign fire insurance tax	22,726	17,000	-	-
Interest income	41,418	35,750	33,887	29,250
Ambulance user fees	-	-	213,409	176,000
Other	5,441	1,000	-	-
Total revenue	<u>2,074,591</u>	<u>1,852,250</u>	<u>1,562,126</u>	<u>1,351,250</u>
EXPENDITURES				
Public safety				
Fire call service fee	1,616,166	1,334,000	-	-
Insurance	3,520	4,000	3,520	4,000
Trustee fees and bonds	4,237	5,000	4,238	2,500
Bookkeeping fees	2,912	4,500	2,912	4,500
Recording secretary fees	3,793	4,000	3,794	4,000
Professional fees	13,939	23,500	13,939	23,500
Office supplies and other	993	4,500	993	4,500
Special projects	36,029	6,500	36,028	2,500
Consultant fees	-	7,000	-	7,000
Building maintenance	5,582	19,500	5,582	19,500
Utilities	23,095	15,000	23,094	15,000
Donations	500	-	-	-
Lease of property	11,302	20,000	11,302	20,000
Station #3 costs - non-capital	3,882	-	3,883	-
Contingencies	-	70,000	-	55,000
Debt service	171,243	173,000	-	-
Health				
Ambulance call service fees	-	-	1,290,713	1,111,000
Land acquisition costs	-	-	-	-
Capital outlay				
New station costs	3,075,761	2,440,000	-	-
Vehicles	16,960	200,000	69,450	150,000
Equipment	75,293	237,500	-	20,000
Total expenditures	<u>5,065,207</u>	<u>4,568,000</u>	<u>1,469,448</u>	<u>1,443,000</u>
Excess (deficiency) of revenues over expenditures before other sources	(2,990,616)	(2,715,750)	92,678	(91,750)
Other sources				
Bond proceeds	940,050	850,000	-	-
Excess of revenue and other sources over (under) expenditures	(2,050,566)	(1,865,750)	92,678	(91,750)
FUND BALANCES - Beginning	<u>3,037,072</u>	<u>4,103,195</u>	<u>1,066,123</u>	<u>-</u>
FUND BALANCES - Ending	<u>\$ 986,506</u>	<u>\$ 2,237,445</u>	<u>\$ 1,158,801</u>	<u>\$ (91,750)</u>

The accompanying notes are an integral part of these financial statements.